

CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Award Contract for the Industrial Substation Transformer #3 Addition and Transfer of Funds

MEETING DATE: April 15, 1998

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council award the contract for the Industrial Substation Transformer #3 Addition to the lowest responsible bidder, Power Providers, Rancho Cordova, CA in the amount of \$777,159; authorize the transfer of sufficient funds to fully fund this project and approve extension of agreement for Professional Services.

BACKGROUND: On March 10, 1998, bids were received and opened for this project. Three bids were received with the results shown below.

| Bidder | Amount | Comments |
|-------------------------------------|-------------|------------------------------|
| Power Providers, Rancho Cordova, CA | \$ 777,159 | |
| T&H Joint Venture, Jamestown, CA | \$ 748,000 | Did not acknowledge Addendum |
| Contra Costa Electric, Martinez, CA | \$1,077,804 | Did not acknowledge Addendum |

During the bidding process, at the request of one of the prospective bidders, an addendum was issued. The Instructions to Bidders in the Bid Documents require that a bidder must acknowledge receipt of all addenda and include such acknowledgment in the proposal together with the bid and bid bonds. Two of the bidders did not include such acknowledgment with their bid, therefore, rendering the bids "not responsive".

On March 12, 1998, at 11:51 a.m. (2 days following the bid opening) T&H Joint Venture did contact the City to indicate that they had received the addendum. The addendum had been forwarded to their estimating department but was not returned to be included with their bid documents, nor was receipt acknowledge in the bid.

The lowest Monetary Bidder (T&H Joint Venture) has been notified of the recommendation to award this bid to the Lowest Responsible Bidder including the reason for this recommendation and has been informed of the opportunity to address the City Council prior to the award. The Engineer's Estimate for this project was \$571,000. The discrepancies between the Engineer's Estimate and the bids received have given rise to extensive analysis of the bids received as well as what reasons may have caused this difference. The most significant reason for the difference is the market conditions at present and for the foreseeable future in California. Since January 1998 the contracting market for this type of work has seen a massive increase in requests for bids of this magnitude and much larger projects resulting in a shortage of skilled labor and a relatively low response to this bid request by the City, considering bid documents (at a charge) were mailed to 10 interested contractors and notices placed at several exchanges as well. The Engineer's Estimate underestimated the labor rates and the mobilization charges which are directly attributable to the market conditions. Other line items in the bid are not as easily identifiable between bidders. However, it has been learned that should the City elect not to award this bid and rebid, not recommended, it is likely that fewer bids will be received but more importantly most probable at a higher price due to the demand in the market.

Therefore, based on the conditions as they currently (and in the foreseeable future) exist and the fact that this improvement to the City's electric system is critically needed to serve the industrial sector of the City under emergency conditions it is

Approved


H. Dixon Flynn
City Manager

recommended that the bid be awarded to the Lowest Responsible Bidder. It should also be noted that the power transformer awarded October 15, 1997, will be arriving in Lodi in late July. In order to receive this transformer without additional costs, a portion of this contract (the pad and oil containment) must be completed prior to arrival.

Two additional actions by the Council are recommended:

- The City Council authorized the transfer of \$365,000 from the Department's reserves to augment the budgeted funds for this project.
- The City Council approve the extension of the agreement with Power Engineers to include tasks 13 and 14 for Construction Inspection Services and Commissioning (testing) of the substation as outlined in Power Engineers proposal, Revision A, dated August 12, 1997, at a cost of \$53,700.

Considering the importance of this substation the need to have skilled inspections throughout the construction period cannot be over emphasized. The demand on existing staff from numerous other construction and maintenance projects precludes consideration to perform inspection in house.

This project cost is shown below:

| | |
|---|---------------------|
| Design, construction contract, bid evaluation and contractor selection (Power Engineers) | \$ 86,255 |
| Power Transformer | 392,287 |
| Construction Contract (this action) | 777,159 |
| Inspection services and commissioning (this action) | 53,700 |
| Total project: | <u>\$ 1,309,401</u> |

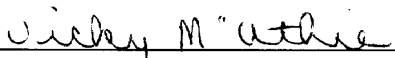
Funding Approval:


Funding required for this recommendation: (\$777,159 + 53,700) \$ 830,859

1997-99 Financial Plan and Budget:

| | |
|--|------------|
| Page E-19 Substation Construction High Voltage and Protection. | \$ 305,859 |
| Page E-23 Distribution System Improvement | 160,000 |

| | |
|---|-------------------|
| Transfer from reserves to augment budgeted funds: | 365,000 |
| Total | <u>\$ 830,859</u> |


Vicky McAthie, Finance Director


Alan N. Vallow
Electric Utility Director

Prepared by: Hans Hansen, Manager, Engineering and Operations

ANV/HH/1st

c: City Attorney
Purchasing Officer

Approved

H. Dixon Flynn
City Manager

CITY COUNCIL

JACK A. SIEGLOCK, Mayor
KEITH LAND
Mayor Pro Tempore
ROBERT J. JOHNSON
STEPHEN J. MANN
PHILLIP A. PENNINO

CITY OF LODI

ELECTRIC UTILITY DEPARTMENT
ALAN N. VALLOW, DIRECTOR
1331 S HAM LANE
LODI, CALIFORNIA 95242-3995
(209) 333-6762
FAX (209) 339-0851

H. DIXON FLYNN
City Manager

RANDALL A. HAYS
City Attorney

ALICE M. REIMCHE
City Clerk

March 24, 1998

MR. DENNIS W. LEDBETTER
TRI-TECHNIC INC
19218 RAWHIDE ROAD
PO BOX 829
JAMESTOWN CA 95327

MR. STEVE HUMPHREY
HUMPHREY MASONRY
15142 CAVALIERI
SONORA CA 95370

City of Lodi, Industrial Substation Transformer #3 Addition, Bid Evaluation.

The City Council is scheduled to award the contract for the Industrial Substation Transformer #3 Addition to the Lowest Responsible Bidder, Power Providers of Rancho Cordova, CA at the regular meeting on April 15, 1998.

Although your bid is the Lowest Monetary Bid, your bid has been rejected as a "not responsive" bid based on sections 6.6 and 6.8 of "Part IB - Instructions to Bidders". These sections state:

6.6 "The Bid shall contain an acknowledgment of receipt of all Addenda".

and

6.8 "Each proposal shall include all Addenda or clarifications issued during the bidding period acknowledged by the bidder's signature thereon. Failure to so include or acknowledge an Addendum or clarification will result in the proposal being rejected as not responsive".

You will be afforded the opportunity to address the City Council at the meeting prior to the award, should you so desire.

The meeting will be held at:

Carnegie Forum
305 West Pine Street
Lodi CA
April 15, 1998, beginning at 7 P.M.

March 25, 1998

Page 2 of 2

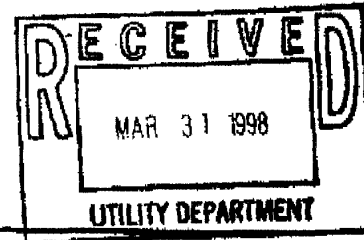
If you have any questions, feel free to contact me at (209) 333-6769.
I will be away from the office April 2-8, 1998, inclusive.

A handwritten signature in cursive script, appearing to read "Hans Hansen".

Hans Hansen
Manager, Engineering and Operations

HH/lst

c: City Manager
 City Attorney
 City Clerk ✓
 Electric Utility Director
 File



3-27-98

City of Lodi
Electric Utility Dept.
1331 S. Ham Ln.
Lodi, CA. 95242-3395
209-333-6769
209-333-6839 (fax)

Industrial Substation
Transformer #3
Addition Project.

Attn: Mr. Hans Hansen, Director of Engineering & Operations.

Dear Mr. Hansen,

Today, we received your notice of award letter dated 3-24-98, informing us that our bid has been rejected as non-responsive due to our failure to include a proper acknowledgment of addenda with our bid. We acknowledge that this finding is correct. Due to an oversight on our part, we did not include a copy of the addendum, properly acknowledged. As confirmed to you over the phone, and also formally herein, we did indeed receive the addendum in question, we simply did not properly acknowledge this with our bid.

Although we acknowledge the technicality of this oversight, we respectfully request that the City reconsider their action regarding the rejection of our bid and subsequent award of this contract to the second bidder, as provided for under section 18.1, of Part 1B. This section states that the City has the right "...to waive any and all informalities not involving price, time or changes in the work...", we feel that this situation exactly fits this section and is the reason for it's existence. T & H, J.V., Tri-Technic & Humphrey Masonry, worked hard to submit a very competitive and comprehensive bid for this project. We feel that rejection of our bid based on a specification technicality does not serve the best interests of the City of Lodi, nor is it fair to T&H, J.V.. It would be a different story if the subject reality made a real, material difference in the efficacy of our bid or our ability to complete the project, but it doesn't.

Please reconsider, is this technicality worth tens of thousands of dollars to the City? Does this decision exhibit the best and most prudent stewardship of rate payers' dollars. Why should the City pay non-competitive pricing for the same project? We apologize for our oversight and realize that, had we more carefully prepared our bid package for submission that we would not now be facing this challenge, if I could go back and change it, I certainly would. Thank you for your thoughtful consideration of this matter.

I respectfully request that this letter be submitted to the decision making body of the City Council and that I may have opportunity to address the Council at the time and place designated in your letter. Please confirm receipt of this request and that our petition will be placed on the City Council's meeting agenda.

Sincerely,

Dennis Ledbetter - Projects Manager

19218 Rawhide Rd., P.O. Box 829, Jamestown, CA. 95327

Phone: 209-984-3277 Fax 209-984-3448 E-mail: tri@ralode.com

RESOLUTION NO. 98-60

A RESOLUTION OF THE LODI CITY COUNCIL
AWARDING THE BID FOR THE INDUSTRIAL
SUBSTATION TRANSFORMER #3 ADDITION

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WHEREAS, in answer to notice duly published in accordance with law and the order of this City Council, sealed bids were received and publicly opened on March 10, 1998 at 11:00 a.m. for the Industrial Substation Transformer #3 Addition, described in the specifications therefore approved by the City Council on February 4, 1998; and

WHEREAS, said bids have been compared, checked, and tabulated and a report thereof filed with the City Manager as shown below:

| Bidder/Location | Amount |
|-------------------------------------|---------------|
| Power Providers, Rancho Cordova, CA | \$ 777,159 |
| T&H Joint Venture, Jamestown, CA | \$ 748,000* |
| Contra Costa Electric, Martinez, CA | \$1,077,804* |

Note: Did not acknowledge Addendum

WHEREAS, the City Manager recommends award of the bid for the Industrial Substation Transformer #3 Addition be made to the lowest responsible bidder, Power Providers of Rancho Cordova, CA; and

NOW, THEREFORE, BE IT RESOLVED by the Lodi City Council that the award of the bid for the Industrial Substation Transformer #3 Addition, be and the same is hereby awarded to Power Providers of Rancho Cordova, CA the lowest responsible bidder in the amount of \$777,159.00.

Dated: April 15, 1998

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I hereby certify that Resolution No. 98-60 was passed and adopted by the City Council of the City of Lodi in a regular meeting held April 15, 1998, by the following vote:

AYES: COUNCIL MEMBERS - Land, Pennino and Sieglock (Mayor)

NOES: COUNCIL MEMBERS - Johnson and Mann

ABSENT: COUNCIL MEMBERS - None

ABSTAIN: COUNCIL MEMBERS - None


ALICE M. REIMCHE
City Clerk

CITY COUNCIL

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KEITH LAND

Mayor Pro Tempore

ROBERT J. JOHNSON

STEPHEN J. MANN

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H. DIXON FLYNN
City Manager

RANDALL A. HAYS
City Attorney

ALICE M. REIMCHE
City Clerk

April 20, 1998

Contra Costa Electric, Inc.
Michael S. Dias, Executive Vice-President
P. O. Box 2523
Martinez CA 94553

Re: Industrial Substation Transformer #3 Addition

At the City Council meeting of April 15, 1998, the Lodi City Council awarded the bid referenced above to Power Providers of Rancho Cordova, CA. the lowest responsible bidder. The bids received for this project are tabulated below:

| Bidder | Amount | Comments |
|-------------------------------------|-------------|------------------------------|
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The bid bond you submitted with your proposal for this project is hereby returned.

The City of Lodi wishes to thank you for your interest in this project, and assures you that we will welcome proposals from you in the future

Sincerely,



Hans Hansen
Manager, Engineering and Operations

Enclosure (1)

c: Electric Utility Director
City Clerk
Purchasing Officer

CITY COUNCIL
JACK A. SIEGLOCK, Mayor
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City Manager

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City Clerk

April 20, 1998

T & H Joint Venture
Dennis W. Ledbetter, Tri-Technic Inc.
P. O. Box 829
Jamestown CA 95237

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